



GARY R. HERBERT
Governor

GREGORY S. BELL
Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

May 20, 2010

CERTIFIED MAIL

7004 1160 0003 0190 4376

Insurance Company of the West
Surety Department
11455 El Camino Road
San Diego, California 92130

Subject: Cancellation of Surety Bond # _____, Western Utah Copper Company, WUCC
Copper Mine, M/001/0067, Beaver County, Utah

Dear Sir or Madame:

The Utah Division of Oil, Gas and Mining (Division) was notified today, May 20, 2010, through a telephone conversation that surety bond # _____ in the amount of \$1,500,000.00 was being cancelled effective May 31, 2010. The terms of the surety provide that the bond may be cancelled by the Surety ninety (90) days following receipt by the Division and Principal of written notice of such cancellation.

The Division has not received written notice of cancellation.

The reclamation contract between the Division and Western Utah Copper provides that the operator must supply a replacement surety within 60 days following the Division's receipt of a notice of cancellation. Since the Division has yet to receive a cancellation notice, an order (cessation order) for the operator to immediately cease mining operations and reclaim will not be issued at this time.

Under the terms of the above referenced surety bond, Insurance Company of the West remains liable for reclamation of the existing disturbance. Assuming a replacement surety is not provided within the requisite time frame, the Division will order Western Utah Copper to begin reclamation. Failure of Western Utah Copper to reclaim the mine within 30 days of issuance of this order may result in the Division making demand on Insurance Company of the West to either proceed with reclamation or to pay to the Division the amount of the bond. If Insurance Company of the West fails to complete reclamation or make payment as requested, the Division



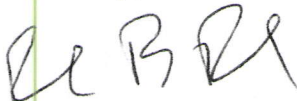
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may proceed to file a Request for Agency Action with the Board of Oil, Gas and Mining to seek forfeiture of the bond.

Please confirm that you remain responsible as surety for the reclamation of the existing disturbance. We also ask that you advise the Division immediately if there is any reason or if any conditions arise that may preclude you from continuing as surety for reclamation of the existing disturbance.

Thank you for your cooperation. If you have any questions, please feel free to call me at 801-538-5261.

Sincerely,

A handwritten signature in black ink, appearing to read 'P. Baker'.

Paul Baker
Minerals Program Manager

PBB:pb

Enclosure Letter to operator dated May 20, 2010, and copy of surety

Cc: Western Utah Copper
Opie_abeyta@blm.gov
Ed_ginouves@blm.gov

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